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## **Legislators Offer Plan for Growing the Economy**

*Bills provides for gradual phase out of tax on health benefits*

LANSING – To encourage employers to continue to provide healthcare benefits, limit layoffs and sharpen Michigan's competitive edge, Sen. Alan Sanborn (R-Richmond) today announced support and co-sponsorship of a package of bills that would gradually eliminate the state's tax on employer-funded health insurance.

"Michigan can no longer afford to apply backward tax principles to businesses, and that's what the current law does," said Sanborn, who is chairman of the Economic Development, Small Business and Regulatory Reform Committee. "The state supposedly raises cigarette taxes to discourage smoking, so why do we tax employers for supplying health benefits to workers? To discourage them? That is why I call it backward."

Currently, through the Single Business Tax (SBT), Michigan taxes health insurance supplied by employers. The legislation would reduce that tax by 20 percent each year for five years until it is completely eliminated. The primary sponsor of the package, Senator Nancy Cassis (R-Novi), served as a member of the Joint Committee on Business Competitiveness (JCBC), which Sanborn Co-Chaired for the Senate. The two heard repeated testimony about the dramatically increasing cost of providing health care benefits to employees, as well as the stifling affect of the SBT on business growth. Sanborn, a co-sponsor of the Senate bills, said this is a way to encourage employers to continue to provide the benefits, while reducing the associated cost, there by making Michigan more competitive with other states.

"This isn't a do-everything economic growth package," Sanborn said. "It is, though, the absolute correct course for Michigan and will give employers even more reason to locate here or to increase their presence. That translates into more jobs and a stronger and more stable economic base."

Sanborn anticipates many more bills to result from the findings of the JCBC, which will be issuing a full report and additional recommendations for improving Michigan's business competitiveness this fall.